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**COCONUT FARMING BUSINESS PLAN**

**TO BE SUBMITTED TO TADB**

**IN FAVOUR OF**

**ELIOT CO. LTD**

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**OCTOBER 2023**

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## List of Abbreviations

AIDS	Acquired Immunodeficiency Syndrome
CCRO	Certificate of Customary Right of Occupancy
HIV	Human Immunodeficiency Virus
IRR	Internal Rate of Return
NGO	Non-Governmental Organization
NPV	Net Present Value
TZS	Tanzanian Shilling
TADB	Tanzania Agricultural Development Bank

## Attachment

1. Proforma Invoice
2. Bank Statement
3. TIN Certificate

**EXECUTIVE SUMMARY**

Eliot Company Limited, headquartered in the Kawe area of Kinondoni municipality in the Dar es Salaam region, is a registered enterprise with a rich history. Established in the early 2000s, the company was officially incorporated on August 24, 2019, under the Companies Ordinance (Cap 212), bearing certificate of incorporation No. 139758862. Operating under the Tax Payer Identification Number (TIN) 139-758-862, the company maintains an annually renewed Business License, and its premises and products have garnered quality assurance and certification from the Tanzania Bureau of Standards (TBS).

In its initial stages, Eliot Co. Ltd primarily focused on the production and distribution of coconut oil and maize flour (Unga Lishe) within the local market. Presently, the company holds ownership of 80 acres dedicated to coconut production, consisting of 10 acres already under cultivation for coconut harvesting over the past three seasons, with an additional seventy (70) acres slated for plantation beginning this season.

Eliot Company Limited is embarking on a visionary strategy to reinvigorate the existing 10-acre coconut farm and expand its operations to encompass the entire 80-acre tract dedicated to coconut production. These coconuts will serve as a critical resource for the company's coconut oil factory, land clearing efforts, acquisition of essential farm inputs, construction of farmhouses, and provision of the necessary working capital for streamlined farm management. To realize this vision, the company seeks a 5-year term loan of TZS 200 million from the Tanzanian Agricultural Development Bank (TADB), featuring a twelve-month grace period.

The company's promoter brings substantial experience to the coconut subsector, with a proven track record spanning four years in coconut farming and the processing of coconut oil. Additionally, the promoter has attended various short courses in the coconut subsector, further enhancing their expertise in coconut production and processing.

The estimated total investment cost for this endeavor stands at TZS 374,104,000, comprising a Promoter's additional equity contribution of TZS 38,604,000 and an existing equity of TZS 135,500,000. A loan facility of TZS 200,000,000 million, comprising TZS 88.1 million as working capital loan and TZS 108.1 million as a long-term loan, will be allocated to activities such as reinvigorating the existing 10 acres, land clearing, planting the new 70-acre farm, constructing farmhouses, purchasing essential farm inputs, and securing necessary working capital.

The requested term loan, with a duration of five years, will be secured by the company's property in Farm No.... Dongo village in the Mafia district, with property valuation scheduled for later stages of loan appraisal.

Financial analysis underscores the investment's robust viability, projecting a net profit of TZS 23.1 million in the first year, with profits anticipated to escalate to TZS 170.4 million in year five. Notably, the Net Present Value, considering a 12% discounting factor, stands at TZS 95.5 million, complemented by an impressive Internal Rate of Return of 25% (Refer to Annex 11).

In conclusion, the investment showcases technical, financial, economic, environmental, and social viability. We strongly recommend granting the company a term loan facility of TZS 200 million to facilitate key activities encompassing the revitalization of the existing 10 acres, land clearing, planting the new 70-acre farm, construction of farmhouses, acquisition of vital farm inputs, and the procurement of requisite working capital. The loan, spanning five (5) years, features an interest rate of 9% per annum, sufficiently covering bank interest rates and ensuring a prosperous journey toward sustainable growth and success in Tanzania's dynamic coconut farming subsector.

## 1.0 INTRODUCTION

### 1.1 Profile of the Promoter

Eliot Company Limited, based in Kawe area Kinondoni municipality in Dar es Salaam region, is a company limited by shares. It was established in the early 2000s and officially registered on August 24, 2019, under the Companies Ordinance (Cap 212) with the certificate of incorporation No. 139758862. The company operates with Tax Payer Identification Number (TIN) 139-758-862 and holds an annually renewed Business License. Its premises and products are registered, quality-assured, and certified by the Tanzania Bureau of Standards (TBS). In its initial stages, Eliot Co. Ltd primarily focused on production and distribution of coconut oil and maize flour (Unga Lishe) to the local market.

The company was formed with multiple objectives as per the Memorandum and Articles of Association (MEMART), with the main purpose being to engage in various activities such as manufacture of grain mill products, manufacture of starches and starch products, manufacture of vegetables and animal oils and fats wholesale of food, beverages and tobacco, mixed farming and support activities for crop production for both the Tanzanian market and other countries worldwide.

Eliot Co. Ltd was established and is owned by two (2) shareholders, with an authorized share capital of TZS 20,000,000 (Tanzania Shillings Twenty Million only) divided into 2,000 shares of TZS 10,000 (Tanzanian Shillings Ten Thousand Only) each. The ownership distribution of the company is as follows:

**Table 1: Shareholding Structure of the Company**

Name	Citizenship	No. of Shares	% Shares
<b>Ms Ernestina Deogratias Mwenda</b>	Tanzanian	600	60%
<b>Mr. Ashari Hamidu Windi</b>	Tanzanian	400	40%

### 1.2 Purpose of the Business Plan

The purpose of this business plan is to assess the viability of the coconut farming venture, analysing the associated risks and potential returns. To achieve this, the company seeks a loan of TZS 200 million from Tanzania Agricultural Development Bank. The key investment changes will occur in the following phases:

- ✓ **Revitalising of the existing 10 acres coconut farm:** The project involves gap filling, manuring and weeding.

- ✓ **Development of the new coconut farm:** The company aims to expand its coconut farm from 10 acres to 80 acres by cultivating and planting coconut trees on a new 70-acres farm at Dongo, Migulani, Malimbani, Ndogoni and Changumawe farms.

### **1.3 Management of the Company**

ECL, established as a limited company in 2019, has experienced significant growth and is currently focusing on revamping and expanding the coconut farm project at Dongo, Migulani, Malimbani, Ndogoni and Changumawe villages. Successful management of this medium-scale Agro-business enterprise requires skilled talents, innovative thinking, and effective project design and implementation. The Directors will oversee decision-making and overall management, supported by a team of qualified professionals in various roles such as Farm Manager, Agronomist, Farm Attendants, along with casual laborers for day-to-day operations. (CVs attached).

### **1.4 Fall Back Position for the Term Loan**

The requested term loan will have a duration of three years and will be secured by the company's property situated on Farm No.... Dongo village in Mafia district. The valuation of the property will be conducted at the later stage of loan appraisal.

By offering the property as collateral for the term loan, ECL provides a fallback position for the lender, ensuring the availability of an asset that can be liquidated to recover the loan amount in case of default or non-payment. The valuation report conducted by..... serves as an official assessment of the property's worth, providing a basis for the lender to determine the loan's security and potential recovery options.

### **1.5 Relation with Banks**

NKL maintains an active bank account with NMB Bank Plc. The bank statement shows a debit turnover of TZS 1.97 billion and a credit turnover of TZS 1.85 billion. The significant debit turnover reflects the promoter's commitment to farming and agro-processing, while the credit turnover demonstrates its ability to generate revenue. This indicates the promoter's financial stability and capacity to meet loan repayment obligations.

### **1.6 Past Financial Performance over the Years**

ECL project has indeed experienced rapid growth and maintained a favorable performance record since its inception. Table 1 below presents a summary of the company's business income for the three-year period encompassing 2020, 2021, and 2022, and the management account period ending July 2023. The figures clearly depict a significant increase in income, which can be attributed to proper project and business management.

Please note that the figures provided in the table are for illustrative purposes and should be replaced with the actual financial data from ECL's income statement for each respective year. The numbers indicated above demonstrate a substantial growth in income, exemplifying the positive impact of effective project and business management.

**Table 2: Income Statement for the Period Ended 31<sup>st</sup> December 2022**

Description	2022	2021	2020
<b>Income</b>	<b>945,518,662</b>	<b>835,830,403</b>	<b>753,000,364</b>
Direct Cost of Contracts	(845,484,921)	(632,242,075)	<b>(604,802,188)</b>
<b>Gross Profit</b>	<b>100,033,741</b>	<b>203,588,328</b>	<b>148,198,176</b>
Operating Expenses	23,769,954	40,230,026	44,594,387
<b>Profit Before Interest and Tax</b>	<b>76,263,787</b>	<b>163,358,302</b>	<b>103,603,789</b>
Interest Expenses	25,041,085	66,183,231	22,306,243
Profit Before Tax	51,222,702	97,175,071	81,297,546
Taxation	(5,060,043)	(8,745,756)	(4,084,877)
<b>Net Profit After Tax</b>	<b>46,162,659</b>	<b>88,429,315</b>	<b>77,212,669</b>

Over the past three years, the company has consistently achieved profitability, witnessing annual growth in its net earnings. In 2021, there was a notable surge in profit, marking a 15% increase. However, in 2022, there was a significant decline of 48% in profit, which was primarily a result of the company's expansion efforts. The overall positive profit trend can be credited to a favorable business environment and the proficient management of the company's operations as a whole.

## 1.7 Legal Compliance

The promoter possesses all the requisite legal documents, enabling the company to own and conduct its business operations.

## 1.8 SWOT Analysis

### Strengths

- Plenty of suitable land for coconut production and expansion
- Favourable growing conditions
- Opportunity to further improve coconut quality
- Availability of improved coconuts varieties resistant to diseases
- Willingness of stakeholders to support and fund coconuts research
- Political stability

**Weaknesses**

- Low productivity
- Inadequate financial strength to capitalize the business
- Unstable local currency
- Inadequate dissemination of market information
- Business environment to coconut is not conducive

**Opportunities**

- Potential to gain premium prices
- Stakeholders to fund other shared functions in the industry
- Potential to increase local production and consumption.

**Threats**

- Weather fluctuations
- Increasing costs of inputs
- Outbreak of new pests and diseases
- Fluctuations of world coconut market prices
- Emergence of additional certification standards
- Competition with other crops
- High interest rates

## **2.0 INDUSTRY OVERVIEW**

### **2.1 Coconut Production in Tanzania**

Tanzania, located on the East African coast, boasts a thriving coconut production industry. Coconut production plays a significant role in the country's agricultural sector and contributes to its economic development. This industry analysis examines the key aspects of coconut production in Tanzania.

### **2.2 Production Overview**

Tanzania is one of the top coconut-producing countries in Africa. Coastal regions such as Tanga, Pwani, and Lindi are major coconut-producing areas. The production of coconuts is a vital source of income for many rural communities.

### **2.3 Market Demand**

Coconuts and coconut products have a diverse range of uses, including food, beverages, cosmetics, and traditional medicine. Domestic demand for coconut products remains strong, with coconut oil, milk, and grated coconut being staple ingredients in Tanzanian cuisine. There is also an increasing global demand for coconut products due to their health benefits.

### **2.4 Export Potential**

Tanzania has been exploring export opportunities for coconut products, such as coconut oil and desiccated coconut. The international market offers growth prospects, particularly in Europe and Asia, where coconut-based products are popular.

### **2.5 Challenges**

Pest and disease management, including the lethal yellowing disease, remains a significant challenge for coconut farmers. Lack of modern farming practices and technology adoption hampers productivity. Infrastructure and transportation issues can hinder the distribution of coconuts to markets.

### **2.6 Government Initiatives**

The Tanzanian government has taken steps to support coconut farmers, including providing training on modern farming techniques. Efforts are being made to promote value addition and agro-processing within the coconut sector. Regulatory measures are in place to ensure quality and safety standards for coconut products.

## 2.7 Sustainability and Environmental Impact

Sustainable farming practices, including organic cultivation and intercropping, are being encouraged to protect the environment and ensure long-term viability. Reforestation efforts are underway to address the environmental impact of coconut farming.

## 2.8 Investment Opportunities

There are opportunities for private investors in coconut processing facilities and value-added products. Technology and research collaboration for disease-resistant coconut varieties could yield long-term returns.

## 2.9 Contribution of the Investment to the Country

The investment in this project will have significant contributions to the company, the government, and the local community. These contributions include:

- **Employment Creation:** The project will create both permanent and casual employment opportunities. The farm and the processing plant will require a workforce to increase coconut production and processed agro products leading to job creation and economic empowerment for individuals in the community.
- **Government Revenue:** The project will generate revenue for the government through taxes. In the first year of operation, the company is estimated to pay tax amounting to TZS 2.0 million. This revenue can be used by the government for various developmental purposes.
- **Food Security:** Increasing coconut production contributes to food security, not only in the local region but also at the national level. By expanding coconut production and agro processing, the project will contribute to meeting the food requirements of the country and contribute to the overall food security of the country.
- **Foreign Exchange Savings:** As the production of coconut and processing of food stuffs increases, the project will reduce the need for importing coconut and agro products from other countries. This will save foreign exchange for the government and contribute to a more self-reliant agricultural sector.

Overall, the investment in this project will have a positive impact on employment, government revenue, food security, and foreign exchange savings, benefiting the promoter, the government, and the local community.

**2.10 Overall Contribution to the Economy**

The total incremental gross profit generated by the investment is estimated to contribute approximately TZS 318.7 million to the economy. This significant contribution reflects the positive economic impact of the investment in terms of increased productivity, job creation, government revenue, and overall economic growth. The infusion of this additional income into the economy can stimulate further economic activities, support local businesses, and contribute to the overall development and prosperity of the country.

### 3.0 TECHNICAL ASPECTS

#### 3.1 Location and Description of the Investment

The promoter's farms are situated at Dongo, Migulani, Malimbani, Ndogoni and Changumawe villages in Mafai district and are accessible throughout the year.

Generally, the area is very fertile with well-draining sandy loam or loamy soils with good organic matter content, which is good for coconut production. The area is also suitable for food and other cash crops production such as sesame and pigeon peas. Annual rainfall is between 1200mm to 1400mm.

#### 3.2 Agronomical Practices of Coconut Production

Coconut farming in Tanzania is an essential component of the country's agriculture sector, offering economic opportunities and nutritional benefits to its citizens. Here is an agronomy overview of coconut production in Tanzania.:

##### ***3.2.1 Climate and Soil Requirements***

**Climate:** Coconut palms thrive in tropical and coastal climates, which are prevalent in Tanzania's coastal regions, such as Tanga, Pwani, and Lindi. These areas provide the necessary warmth and humidity for coconut cultivation.

**Soil:** Coconut trees prefer well-draining sandy loam or loamy soils with good organic matter content. They are also salt-tolerant, making coastal soils suitable for cultivation.

##### ***3.2.2 Varieties***

**Tanzanian Tall:** This is the most common coconut variety grown in Tanzania. It is known for its high yield of copra (coconut meat) and adaptability to various growing conditions.

**Malayan Dwarf:** This variety is shorter in stature and produces smaller coconuts. It is favored for its early fruiting and suitability for small-scale farming.

##### ***3.2.3 Land Preparation***

Clear the land of weeds, debris, and rocks. Incorporate organic matter into the soil to improve fertility. Plant coconut seedlings in rows with adequate spacing to allow for optimal growth and air circulation.

##### ***3.2.4 Planting***

Use healthy, disease-free seedlings or seeds from mature coconuts. Plant at a depth of about 45 cm to ensure stability and adequate root establishment. Maintain proper spacing between trees to allow for sunlight penetration and airflow.

### ***3.2.5 Irrigation***

Young coconut palms require regular watering until they establish deep root systems. Drip irrigation is a suitable method for ensuring consistent moisture, especially during dry seasons.

### ***3.2.6 Fertilization***

Apply organic or balanced chemical fertilizers to meet nutrient requirements. Regularly monitor the nutrient levels and adjust fertilization accordingly.

### ***3.2.7 Pest and Disease Management***

Common pests in coconut farming include coconut mites and rhinoceros beetles. Regular inspection and control measures are essential. Lethal Yellowing Disease (LYD) is a major concern. Planting disease-resistant varieties and maintaining good sanitation practices are crucial for prevention.

### ***3.2.8 Pruning and Maintenance***

Prune dead or diseased fronds regularly to promote healthy growth. Remove competing vegetation to reduce competition for nutrients and water.

### ***3.2.9 Harvesting***

Coconuts are typically ready for harvest between 5 to 7 years after planting. Harvest when the coconuts are mature but not overly ripe. Signs include a change in color and a dull thud when tapped.

### ***3.2.10 Post-Harvest Processing***

- Copra is extracted from dried coconut kernels and is used for coconut oil production.
- For fresh consumption, coconuts are husked, and the water and meat are extracted.

### ***3.2.11 Value Addition***

- Tanzania is exploring value addition opportunities, including coconut oil extraction, coconut milk and cream production, and coconut-based snacks.

### ***3.2.12 Sustainability and Environmental Considerations***

- Sustainable practices such as organic farming, intercropping with other crops, and water conservation are encouraged to reduce environmental impact.
- Reforestation efforts can help maintain ecological balance.

### ***3.2.13 Market Access and Distribution***

- Coconuts and coconut products have both domestic and international market potential.
- Proper transportation and distribution networks are essential to access wider markets.

**3.2.14 Government Support**

The Tanzanian government provides support through agricultural extension services, training, and disease control programs to enhance coconut production.

Coconut farming in Tanzania has the potential to contribute significantly to the country's agricultural and economic growth. Adopting modern agronomic practices, addressing pest and disease challenges, and exploring value addition opportunities are key strategies for the sustainable development of the coconut industry in Tanzania.

## **4.0 FINANCIAL PROJECTIONS**

To manage well the entire coconut production value chain, the promoter (Eliot Co. Ltd) needs to ensure it manages its costs well and maximizes its revenue. To do this the promoter has a set of parameters forming the cost function which intends to manage the cost and the revenue function to maximize revenue. The cost function is built up by labor costs, administration overheads interest on loan, depreciation, and loan schedule.

To help in appraising the loan, the promoter has prepared a comprehensive operational plan which is part of the annexes, but a brief explanation of a few itemized issues is expressed hereunder. These issues lie: -

### **4.1 Investment and Financing Plan**

The total investment cost amounts to TZS 374.1 million, with TZS 174.1 million designated as the promoter's equity contribution. This equity comprises TZS 135.5 million from existing equity and an additional TZS 38.6 million. The remaining TZS 200 million will be secured through a loan from TADB. (Further details can be found in Annex 1.)

### **4.2 Financing Plan and Repayment**

As depicted in Annex 8, the cash flow analysis underscores that the investment necessitates a term loan of approximately TZS 200 million. This loan is expected to have a tenure of five years, inclusive of a grace period of twelve months. Repayment will be structured in the form of quarterly instalments per annum. Additionally, it's worth noting that during the initial four years, revenue generated from the sales of coconut oil and maize flour (referred to as "unga lishe" in Annex 8) will complement loan repayment as coconut trees typically take five years from planting to yield their first harvest.

### **4.3 Operating Costs**

These activities encompass various tasks such as land clearing, ploughing, planting, weeding, cutting, coconut transportation, harvesting, and the application of pesticides and fertilizers. In the initial year, the cost for these activities will amount to TZS 71.8 million, with subsequent increases attributable to the expansion of the land area (refer to Annex 4 & 5).

### **4.4 Working Capital**

The anticipated working capital required for the investment is TZS 124.7 million. This working capital is intended to cover various expenses, including production costs for coconut, indirect expenses, and labor costs. Out of this total, TZS 88.1 million will be sourced from the TADB

loan, while the remaining balance of TZS 38.6 million will be provided by the promoter as additional equity, which will be injected into the project at various stages (for detailed information, please refer to Annex 1-6).

#### 4.5 Cash Flow and Income Statement Projections

The sources and allocations of funds are detailed in the projected cash flow statement, as outlined in Annex 9 and 10. The analysis conclusively demonstrates that the business will fulfil all of its financial commitments while maintaining a comfortable balance.

The projected income statement, as detailed in Annex 9, indicates an initial net profit of approximately TZS 23.1 million in the first year, with expected continuous growth starting from the second year. In the second year of the investment, it is anticipated that the profit will increase to TZS 39.7 million. The net and gross profit margins for the business are projected to be 14% and 56% in the first year, respectively, and are expected to rise to 23% and 73% in the second year. The promoter's annual sales revenue from the investment is estimated to reach TZS 162.8 million in the first year, as outlined in Annex 7 for revenue projections.

#### 4.6 Financial Viability and Sensitivity Analysis

The Net Present Value (NPV) of TZS 95.5 million at a 12% discount rate and an impressive Internal Rate of Return (IRR) of 25% both affirm the strong viability of the investment. Furthermore, sensitivity analysis demonstrates the investment's resilience to potential challenges. Even with a 5% increase in operational costs, the project maintains positive cash flows, with an IRR of 24% and NPV of TZS 85.6 million. Similarly, a 5% decrease in prices still results in positive cash flows, with NPV and IRR standing at TZS 82.1 and 23%, respectively.

These findings underscore the project's robustness even in the face of volatile prices and rising operational costs. Notably, this business plan adopts conservative estimates for both costs and revenues, erring on the side of caution.

**Table 3: Sensitivity Analysis**

Sensitivity analysis	Rate	NPV	IRR
<b>Bases</b>	0	95,538,589	25%
<b>Decline in Selling Price</b>	5%	82,167,945	23%
<b>Increase in Operating Expenses</b>	5%	85,639,674	24%

## **5.0 MARKETING ASPECT**

Eliot Company Ltd. is poised to embark on a strategic venture in coconut production to complement its coconut oil processing operations. Here's a comprehensive overview of the marketing aspect of coconut production:

### **5.1 Target Market**

Eliot Company Ltd. primarily targets its coconut produce to supply its coconut oil processing plant. Additionally, the company may also consider purchasing coconuts from other local farmers to meet its production requirements.

### **5.2 Product Portfolio**

The primary product of interest is fresh coconuts, which will be harvested and delivered to the processing plant. Eliot Company Ltd. may also consider value-added products such as dried coconut or coconut-based snacks in the future.

### **5.3 Market Analysis**

Eliot Company Ltd. conducts a comprehensive market analysis to determine the demand for coconut products, particularly in the coconut oil processing industry. Factors like market size, growth trends, and competition are evaluated to inform production decisions.

### **5.4 Distribution Channels**

The company will establish a reliable and efficient supply chain to transport fresh coconuts from the farm to the processing plant. Proper logistics and transportation networks will be essential to ensure timely delivery.

### **5.5 Pricing Strategy**

Pricing will be determined based on market rates for fresh coconuts and will be competitive within the local coconut supply market. Long-term contracts and agreements with other farmers may also involve negotiated pricing.

### **5.6 Promotion and Branding**

Eliot Company Ltd. may engage in promotional activities to enhance brand visibility and reputation. The focus will be on building a strong brand image associated with quality and reliability.

## **5.7 Quality Control**

Ensuring high-quality coconuts is paramount. Eliot Company Ltd. will implement strict quality control measures to maintain product consistency. Regular quality checks and adherence to industry standards will be a top priority.

## **5.8 Sustainability and Certification**

Sustainability practices, including organic farming and environmental conservation, will be part of the company's marketing strategy. Certification, such as organic or fair trade, may be pursued to appeal to environmentally conscious consumers.

## **5.9 Market Expansion**

While the initial focus is on supplying the coconut oil processing plant, Eliot Company Ltd. may explore opportunities to expand its market presence by selling coconut products to other industries or consumers directly.

## **5.10 Risk Mitigation**

A comprehensive risk analysis will be conducted to identify potential challenges in the coconut production and supply chain.

Contingency plans will be in place to address any unforeseen issues that may affect production or delivery.

Eliot Company Ltd.'s strategic foray into coconut production demonstrates a holistic approach that aligns with the needs of its coconut oil processing business. By focusing on quality, sustainability, and market analysis, the company aims to establish a robust presence in the coconut supply industry while complementing its existing operations.

## **6.0 MANAGEMENT, TECHNICAL ADVICE AND WORKFORCE WELFARE**

### **6.1 Management**

ECL, established as a limited company in 2019, has undergone substantial growth and currently places its primary focus on revitalizing and expanding the coconut farm project in Dongo, Migulani, Malimbani, Ndogoni, and Changumawe villages. Effective management of this medium-scale agribusiness venture demands a blend of skilled professionals, innovative thinking, and a well-executed project design and implementation strategy. The Board of Directors will oversee decision-making and overall management, assisted by a team of qualified experts in various capacities, including a Farm Manager, Agronomist, Farm Attendants, in addition to a contingent of casual laborers for day-to-day operations. (Please refer to attached CVs for details).

### **6.2 Labor Availability**

The proximity of the investment to populated areas ensures ready access to the labor force necessary for facilitating production. Currently, the promoter has employed a total of 3 permanent and 5 casual laborers, with plans to further expand the workforce by hiring 8 additional permanent staff and increasing casual labor to 20 individuals.

### **6.3 Training and Technical Expertise**

The promoter possesses extensive experience in coconut cultivation which will be invaluable in ensuring the business operates profitably. Additionally, the venture can access supplementary technical guidance from resources such as the District Agriculture and Livestock Development Office (DALDO) for further support and expertise as needed.

### **6.4 Cross-Cutting Issues**

#### ***6.3.1 Gender Inclusivity***

Eliot Co. Ltd. is dedicated to promoting gender equality and ensuring that women have equal opportunities in our workforce. We actively encourage women to apply for various roles within our organization, particularly in coconut sorting where approximately 90% of our labor force will consist of women. Selection for employment is based on qualifications and experience, and we prioritize professionalism in all vacancies. For casual labor positions on the farm, women are given preferential consideration for tasks suited to their capabilities. We are committed to developing a Gender Action Plan to further enhance women's opportunities within our operations.

**6.3.2 HIV/AIDS Awareness**

We recognize the importance of addressing HIV/AIDS awareness and prevention. Eliot Co. Ltd. will collaborate with a local NGO to provide comprehensive training on HIV/AIDS prevention to our workers and the neighboring community. As awareness levels may vary among our employees, we will facilitate knowledge exchange among them. We will employ audio-visual tools and distribute informative brochures to raise awareness about this critical health issue among our workforce and the broader community.

**6.3.3 Environmental Stewardship**

Our project places a strong emphasis on environmental responsibility, and we have taken proactive measures to prevent any adverse environmental impacts. Our current practices ensure that land clearing, ploughing and planting of coconut follows through appropriate agronomical practices, preventing any land degradation on the farm. Additionally, our farm is adorned with numerous trees that serve to conserve local water sources and enhance ecological sustainability. Moreover, our natural forest spanning approximately 100 acres plays a crucial role in promoting rainfall in the region, further underlining our commitment to environmental conservation.

**6.3.4 Community Engagement**

Eliot Co. Ltd. recognizes the significance of community engagement. We aim to foster positive relationships with the local community, including collaboration on social and economic development initiatives, infrastructure improvements, and employment opportunities for residents in the project area.

**6.3.5 Health and Safety**

The health and safety of our employees and the surrounding community are paramount. We will implement rigorous safety measures to protect workers and visitors, conduct regular safety training, and adhere to all relevant regulations to ensure a safe working environment.

**6.3.6 Ethical Farming Practices**

Ethical farming practices are central to our operations. We are committed to sustainable and responsible agricultural methods, ensuring the well-being of our crops, land, and ecosystem.

**6.3.7 Socioeconomic Development**

Eliot Co. Ltd. aims to contribute positively to the socioeconomic development of the areas where we operate. This includes creating jobs, providing skill development opportunities, and investing in local infrastructure and services.

## 7.0 RISK ANALYSIS AND MITIGATION MEASURES

Coconut farming, like any agricultural venture, is subject to various risks that can impact both production and profitability. A comprehensive risk analysis is crucial for effective risk management and business sustainability. Here are key risks associated with coconut farming:

### 7.1 Climate and Weather Risks

**Risk:** Unpredictable weather patterns, droughts, and storms can affect coconut tree growth and yield.

**Mitigation:** Diversify planting locations to minimize the impact of localized weather events. Install windbreaks and invest in irrigation systems to mitigate drought risks. Monitor weather forecasts and implement timely protective measures during severe weather warnings.

### 7.2 Pest and Disease Risks

**Risk:** Lethal Yellowing Disease and pests like the coconut rhinoceros beetle can devastate coconut palms.

**Mitigation:** Implement regular monitoring and early detection programs to identify and manage diseases and pests promptly. Promote natural predator populations to control pest infestations. Consider disease-resistant coconut varieties.

### 7.3 Market Price Volatility

**Risk:** Coconut product prices can fluctuate due to international market dynamics.

**Mitigation:** Diversify product offerings to include value-added coconut products to reduce reliance on a single market. Develop long-term contracts with buyers to stabilize prices. Stay informed about market trends and adjust planting and harvesting schedules accordingly.

### 7.4 Input Cost Fluctuations

**Risk:** Rising costs of fertilizers and labor can increase production expenses.

**Mitigation:** Implement efficient farming practices to optimize resource utilization. Explore bulk purchasing arrangements to secure favorable input prices. Consider alternative and cost-effective organic fertilization methods.

### 7.5 Environmental Risks

**Risk:** Land degradation, water resource depletion, and soil erosion can reduce farm productivity.

**Mitigation:** Adopt sustainable farming practices, including organic cultivation and soil conservation techniques. Implement water management strategies to reduce water consumption and minimize the environmental impact.

## 7.6 Regulatory and Compliance Risks

**Risk:** Non-compliance with environmental and export regulations can lead to fines or disruptions.

**Mitigation:** Stay updated on regulatory changes and adhere to environmental and export requirements. Maintain detailed records and documentation to demonstrate compliance.

## 7.7 Financial Risks

**Risk:** Difficulty in securing financing or managing debt can strain financial health.

**Mitigation:** Develop a robust financial management plan with a clear budget and contingency funds. Diversify revenue streams to reduce financial dependency on a single source.

## 7.8 Social and Community Risks

**Risk:** Labor shortages and community disputes can disrupt operations.

**Mitigation:** Foster positive community relations through engagement and communication. Implement labor management practices that promote fair wages and employee welfare.

## 7.9 Technology Risks

**Risk:** Failure to adopt modern farming techniques and technology may lead to lower productivity.

**Mitigation:** Invest in training and capacity building for farm workers to keep them updated with modern practices. Embrace technological advancements to enhance farm efficiency and productivity.

## 7.10 Land Tenure and Ownership

**Risk:** Land disputes can disrupt operations and lead to financial losses.

**Mitigation:** Ensure clear land titles and engage legal experts to address land tenure issues proactively. Establish effective dispute resolution mechanisms to address conflicts swiftly.

By proactively identifying and addressing these risks through well-defined mitigation measures, a coconut farming business can enhance its resilience and increase the likelihood of long-term success in a dynamic and challenging environment. Regular risk assessments and adjustments to the mitigation strategies are crucial for ongoing risk management.

## **8.0 RISK, RECOMMENDATIONS AND CONCLUSIONS**

### **8.1 Opportunities**

The business holds significant growth opportunities, bolstered by the assured and continually expanding coconut market, driven by the increasing agricultural activities in the vibrant region of Mafia.

### **8.2 Recommendations**

It is strongly advisable for the promoter to diligently adhere to the strategies and guidance outlined in this business plan, particularly concerning coconut production techniques and overall management, to ensure the attainment of maximum yields.

### **8.3 Conclusion**

A thorough financial and technical analysis unequivocally demonstrates the viability of venturing into the coconut farming business. As a result, we recommend the provision of a 5-year long-term loan amounting to TZS 200 million, inclusive of a twelve-month grace period, to enable the expansion of coconut farming production. This strategic move is poised to yield substantial benefits and sustainable growth for the business.

# **ANNEXE**

## Annex 1: Investment Costs and Financing Plan

Description	Existing		Additional		Total
	Equity	Loan	Equity	Loan	
<b>Land and Building</b>					
Land Acquisition & Development	127,000,000		-	68,110,000	195,110,000
Farm House	5,500,000		-	40,000,000	45,500,000
<b>Sub Total</b>	<b>132,500,000</b>	<b>-</b>	<b>-</b>	<b>108,110,000</b>	<b>240,610,000</b>
Plant and Machinery	-				-
Agricultural Equipments	3,000,000			3,750,000	6,750,000
<b>Sub Total</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>3,750,000</b>	<b>6,750,000</b>
Pre-operational expenses	-		2,000,000	-	2,000,000
Working Capital	-	-	36,604,000	88,140,000	124,744,000
<b>Grand Total</b>	<b>135,500,000</b>	<b>-</b>	<b>38,604,000</b>	<b>200,000,000</b>	<b>374,104,000</b>
<b>Gearing Ratio</b>					
Equity	174,104,000		47%		
Existing Loan	-		0%		
New Loan	200,000,000		53%		
<b>Total</b>	<b>374,104,000</b>		<b>100%</b>		

## Annex 2: Depreciation Costs

Description	2023	2024	2025	2026	2027
<b>Land and Buildings</b>					
Opening Balance	127,000,000	190,232,250	185,476,444	180,839,533	176,318,544
Additional	68,110,000	-	-	-	-
Disposal	-	-	-	-	-
Balance c/d	195,110,000	190,232,250	185,476,444	180,839,533	176,318,544
<b>Depreciation</b>	<b>4,877,750</b>	<b>4,755,806</b>	<b>4,636,911</b>	<b>4,520,988</b>	<b>4,407,964</b>
<b>Netbook Value</b>	<b>190,232,250</b>	<b>185,476,444</b>	<b>180,839,533</b>	<b>176,318,544</b>	<b>171,910,581</b>
<b>Farm House</b>					
Opening Balance	5,500,000	44,362,500	43,253,438	42,172,102	41,117,799
Additional	40,000,000	-	-	-	-
Disposal	-	-	-	-	-
Balance c/d	45,500,000	44,362,500	43,253,438	42,172,102	41,117,799
<b>Depreciation</b>	<b>1,137,500</b>	<b>1,109,063</b>	<b>1,081,336</b>	<b>1,054,303</b>	<b>1,027,945</b>
<b>Netbook Value</b>	<b>44,362,500</b>	<b>43,253,438</b>	<b>42,172,102</b>	<b>41,117,799</b>	<b>40,089,854</b>
<b>Plant and Machineries</b>					
Opening Balance	3,000,000	5,906,250	5,167,969	4,521,973	3,956,726
Additional	3,750,000	-	-	-	-
Disposal	-	-	-	-	-
Balance c/d	6,750,000	5,906,250	5,167,969	4,521,973	3,956,726
<b>Depreciation</b>	<b>843,750</b>	<b>738,281</b>	<b>645,996</b>	<b>565,247</b>	<b>494,591</b>
<b>Netbook Value</b>	<b>5,906,250</b>	<b>5,167,969</b>	<b>4,521,973</b>	<b>3,956,726</b>	<b>3,462,135</b>
<b>Total</b>					
<b>Opening balance</b>	<b>135,500,000</b>	<b>240,501,000</b>	<b>233,897,850</b>	<b>227,533,607</b>	<b>221,393,069</b>
Additional	111,860,000	-	-	-	-
Disposal	-	-	-	-	-
Balance c/d	247,360,000	240,501,000	233,897,850	227,533,607	221,393,069
<b>Total Depreciation</b>	<b>6,859,000</b>	<b>6,603,150</b>	<b>6,364,243</b>	<b>6,140,537</b>	<b>5,930,499</b>
<b>Netbook Value</b>	<b>240,501,000</b>	<b>233,897,850</b>	<b>227,533,607</b>	<b>221,393,069</b>	<b>215,462,570</b>

**Annex 3: Manpower Requirements**

Personnel	No:	Rate/month	Total	Months	2023	2024	2025	2026	2027
Estate manager	1	500,000	500,000	12	6,000,000	6,198,000	6,402,534	6,613,818	6,832,074
Farm attendants	9	250,000	2,250,000	12	27,000,000	27,891,000	28,811,403	29,762,179	30,744,331
<b>Grand Total</b>	<b>10</b>				<b>33,000,000</b>	<b>33,000,000</b>	<b>33,000,000</b>	<b>33,000,000</b>	<b>33,000,000</b>

**Annex 4: Overhead Costs**

Description	2023	2024	2025	2026	2027								
Transport and travelling	2,400,000	2,479,200	2,561,014	2,645,527	2,732,829								
Printing and stationary	780,000	805,740	832,329	859,796	888,170								
Water and electricity	900,000	929,700	960,380	992,073	1,024,811								
Sundry expenses	1,440,000	1,487,520	1,536,608	1,587,316	1,639,698								
Professional & legal fees	14,400,000	14,875,200	15,366,082	15,873,162	16,396,977								
<b>Total</b>	<b>19,920,000</b>	<b>20,577,360</b>	<b>21,256,413</b>	<b>21,957,875</b>	<b>22,682,484</b>								

  

Annex 4.1 Monthly admin Cost													
Description	November	December	January	February	March	April	May	June	July	August	September	October	Total
Transport and travelling	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,400,000
Printing and stationary	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	780,000
Water and electricity	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
Sundry expenses	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,440,000
Professional & legal fees	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	14,400,000
<b>Total</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>1,660,000</b>	<b>19,920,000</b>

**Annex 5: Production Costs**

Description	2023	2024	2025	2026	2027								
Weeding	700,000	4,900,000	5,061,700	5,228,736	5,401,284								
Herbicides	3,000,000	23,700,000	24,482,100	25,290,009	26,124,580								
Pastecide (Duduwhole)	490,000	3,871,000	3,998,743	4,130,702	4,267,015								
Indazole (Blight treatment)	462,000	6,745,200	6,967,792	7,197,729	7,435,254								
Coconut harvesting	350,000	361,550	373,481	385,806	398,538								
Collection	3,612,000	3,731,196	3,854,325	3,981,518	4,112,908								
Transportation	3,010,000	3,109,330	3,211,938	3,317,932	3,427,424								
Sorting	-	-	-	-	-								
Misceleneous	60,200,000	-	-	-	-								
<b>Total</b>	<b>71,824,000</b>	<b>46,418,276</b>	<b>47,950,079</b>	<b>49,532,432</b>	<b>51,167,002</b>								
<b>Monthly Operational Cost</b>													
Description	November	December	January	February	March	April	May	June	July	August	September	October	Total
Weeding	-	350,000	350,000	-	-	-	-	-	-	-	-	-	700,000
Herbicides	-	-	1,500,000	1,500,000	-	-	-	-	-	-	-	-	3,000,000
Pastecide (Duduwhole)	-	98,000	98,000	98,000	98,000	98,000	-	-	-	-	-	-	490,000
Indazole (Blight treatment)	-	-	-	231,000	231,000	-	-	-	-	-	-	-	462,000
Coconut harvesting	-	-	-	-	-	116,667	116,667	116,667	-	-	-	-	350,000
Collection						1,204,000	1,204,000	1,204,000					3,612,000
Transportation						1,003,333	1,003,333	1,003,333					3,010,000
Sorting						-	-	-					-
Misceleneous	60,200,000												60,200,000
<b>Total</b>	<b>60,200,000</b>	<b>448,000</b>	<b>1,948,000</b>	<b>1,829,000</b>	<b>329,000</b>	<b>2,422,000</b>	<b>2,324,000</b>	<b>2,324,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,824,000</b>

**Annex 6: Working Capital**

Description	2023	2024	2025	2026	2027								
Administrative cost	19,920,000	20,577,360	21,256,413	21,957,875	22,682,484								
Operating Cost	71,824,000	46,418,276	47,950,079	49,532,432	51,167,002								
Salary and wages	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000								
<b>Total Working Capital</b>	<b>124,744,000</b>	<b>99,995,636</b>	<b>102,206,492</b>	<b>104,490,306</b>	<b>106,849,486</b>								
Change in Working Capital		(24,748,364)	2,210,856	2,283,814	2,359,180								
<b>Annex 6.1: Monthly Working Capital</b>													
Description	November	December	January	February	March	April	May	June	July	August	September	October	Total
Administrative cost	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	6,960
Operating Cost	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	5,985,333	164,892
Salary and wages	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	33,000,000
<b>Total Working Capital</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>10,395,333</b>	<b>124,744,000</b>
Change in Working Capital		-	-	-	-	-	-	-	-	-	-	-	-

**Annex 7: Revenue Projections**

Description	2023	2024	2025	2026	2027
Sale of Coconuts	37,800,000	39,690,000	41,674,500	37,800,000	302,400,000
Sale of Coconut Oil	125,000,000	131,250,000	137,812,500	144,703,125	-
<b>Total Revenue</b>	<b>162,800,000</b>	<b>170,940,000</b>	<b>179,487,000</b>	<b>182,503,125</b>	<b>302,400,000</b>
Available acres	2023	2024	2025	2026	2027
Old coconuts	10	10	10	10	80
Total acres	10	10	10	10	80
<b>Total Revenue</b>	<b>37,800,000</b>	<b>39,690,000</b>	<b>41,674,500</b>	<b>37,800,000</b>	<b>302,400,000</b>
	0	0			

**Annex 8: Loan Repayment Schedule**

<b>TADB</b>					
Loan Amount	200,000,000				
Repayment Plan	Quarterly				
Grace Period	12 Months				
Expiry Years	5 Years				
Interest rate	12%				
<b>Description</b>					
<b>2024</b>	<b>Opening</b>	<b>Principal</b>	<b>Interest</b>	<b>Installments</b>	<b>Closing</b>
	<b>Balance</b>	<b>Repayment</b>			<b>Balance</b>
Qtr 1	200,000,000	-	-	-	200,000,000
Qtr 2	200,000,000	-	-	-	200,000,000
Qtr 3	200,000,000	-	-	-	200,000,000
Qtr 4	200,000,000	9,190,506	6,000,000	15,190,506	190,809,494
<b>Sub Total</b>		<b>9,190,506</b>	<b>6,000,000</b>	<b>15,190,506</b>	
<b>2025</b>	<b>Opening</b>	<b>Principal</b>	<b>Interest</b>	<b>Installments</b>	<b>Closing</b>
	<b>Balance</b>	<b>Repayment</b>			<b>Balance</b>
Qtr 1	190,809,494	9,466,221	5,724,285	15,190,506	181,343,273
Qtr 2	181,343,273	9,750,208	5,440,298	15,190,506	171,593,065
Qtr 3	171,593,065	10,042,714	5,147,792	15,190,506	161,550,351
Qtr 4	161,550,351	10,343,995	4,846,511	15,190,506	151,206,356
<b>Sub Total</b>		<b>39,603,138</b>	<b>21,158,886</b>	<b>60,762,024</b>	
<b>2026</b>	<b>Opening</b>	<b>Principal</b>	<b>Interest</b>	<b>Installments</b>	<b>Closing</b>
	<b>Balance</b>	<b>Repayment</b>			<b>Balance</b>
Qtr 1	151,206,356	10,654,315	4,536,191	15,190,506	140,552,041
Qtr 2	140,552,041	10,973,945	4,216,561	15,190,506	129,578,096
Qtr 3	129,578,096	11,303,163	3,887,343	15,190,506	118,274,933
Qtr 4	118,274,933	11,642,258	3,548,248	15,190,506	106,632,675
<b>Sub Total</b>		<b>44,573,681</b>	<b>16,188,343</b>	<b>60,762,024</b>	
<b>2027</b>	<b>Opening</b>	<b>Principal</b>	<b>Interest</b>	<b>Installments</b>	<b>Closing</b>
	<b>Balance</b>	<b>Repayment</b>			<b>Balance</b>
Qtr 1	106,632,675	11,991,526	3,198,980	15,190,506	94,641,150
Qtr 2	94,641,150	12,351,271	2,839,234	15,190,506	82,289,878
Qtr 3	82,289,878	12,721,810	2,468,696	15,190,506	69,568,069
Qtr 4	69,568,069	13,103,464	2,087,042	15,190,506	56,464,605
<b>Sub Total</b>		<b>50,168,070</b>	<b>10,593,953</b>	<b>60,762,024</b>	
<b>2028</b>	<b>Opening</b>	<b>Principal</b>	<b>Interest</b>	<b>Installments</b>	<b>Closing</b>
	<b>Balance</b>	<b>Repayment</b>			<b>Balance</b>
Qtr 1	56,464,605	13,496,568	1,693,938	15,190,506	42,968,037
Qtr 2	42,968,037	13,901,465	1,289,041	15,190,506	29,066,573
Qtr 3	29,066,573	14,318,509	871,997	15,190,506	14,748,064
Qtr 4	14,748,064	14,748,064	442,442	15,190,506	0
<b>Sub Total</b>		<b>56,464,605</b>	<b>4,297,418</b>	<b>60,762,024</b>	



**Annex 10: Cash Flows Projections**

Description	2023	2024	2025	2026	2027
<b>Cash Inflows</b>					
Equity	38,604,000				
New Loan	200,000,000				
Profit Before Interest & Depr.	38,056,000	70,944,364	77,280,508	78,012,819	195,550,514
<b>Total Cash Inflows</b>	<b>276,660,000</b>	<b>70,944,364</b>	<b>77,280,508</b>	<b>78,012,819</b>	<b>195,550,514</b>
<b>Cash Outflows</b>					
Fixed Assets	111,860,000				
Initial Working Capital	124,744,000				
Change in Working Capital		(24,748,364)	2,210,856	2,283,814	2,359,180
Tax	2,015,760	3,454,586	4,378,234	4,902,266	14,825,808
Loan Repayment	15,190,506	60,762,024	60,762,024	60,762,024	60,762,024
<b>Total Cash Outflow</b>	<b>253,810,266</b>	<b>39,468,246</b>	<b>67,351,113</b>	<b>67,948,104</b>	<b>77,947,011</b>
<b>Net Cash Flow</b>	<b>22,849,734</b>	<b>31,476,118</b>	<b>9,929,395</b>	<b>10,064,715</b>	<b>117,603,502</b>
<b>Opening Balance</b>	<b>0</b>	<b>22,849,734</b>	<b>54,325,852</b>	<b>64,255,247</b>	<b>74,319,962</b>
<b>Closing Balance</b>	<b>22,849,734</b>	<b>54,325,852</b>	<b>64,255,247</b>	<b>74,319,962</b>	<b>191,923,464</b>

**Annex 10.1 Monthly Cash Flow**

Description	November	December	January	February	March	April	May	June	July	August	September	October	Total
<b>Cash Inflows</b>													
Equity	38,604,000												38,604,000
New Loan	200,000,000												200,000,000
Old Loan	-												-
Profit Before Interest & Depr.	6,321,333	21,333	6,321,333	21,333	6,321,333	21,333	6,321,333	21,333	6,321,333	21,333	6,321,333	21,333	38,056,000
<b>Total Cash Inflows</b>	<b>244,925,333</b>	<b>21,333</b>	<b>6,321,333</b>	<b>21,333</b>	<b>6,321,333</b>	<b>21,333</b>	<b>6,321,333</b>	<b>21,333</b>	<b>6,321,333</b>	<b>21,333</b>	<b>6,321,333</b>	<b>21,333</b>	<b>276,660,000</b>
<b>Cash Outflows</b>													
Fixed Assets	111,860,000												111,860,000
Initial Working Capital	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	10,395,333	124,744,000
Change in Working Capital													
Tax	167,980	167,980	167,980	167,980	167,980	167,980	167,980	167,980	167,980	167,980	167,980	167,980	2,015,760
Loan Repayment		-	-	-	-	-	-	-	-	-	-	15,190,506	15,190,506
<b>Total Cash Outflow</b>	<b>122,423,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>10,563,313</b>	<b>25,753,819</b>	<b>253,810,266</b>
<b>Net Cash Flow</b>	<b>122,502,020</b>	<b>(10,541,980)</b>	<b>(4,241,980)</b>	<b>(10,541,980)</b>	<b>(4,241,980)</b>	<b>(10,541,980)</b>	<b>(4,241,980)</b>	<b>(10,541,980)</b>	<b>(4,241,980)</b>	<b>(10,541,980)</b>	<b>(4,241,980)</b>	<b>(25,732,486)</b>	<b>22,849,734</b>
<b>Opening Balance</b>	<b>-</b>	<b>122,502,020</b>	<b>111,960,040</b>	<b>107,718,060</b>	<b>97,176,080</b>	<b>92,934,100</b>	<b>82,392,120</b>	<b>78,150,140</b>	<b>67,608,160</b>	<b>63,366,180</b>	<b>52,824,200</b>	<b>48,582,220</b>	<b>22,849,734</b>
<b>Closing Balance</b>	<b>122,502,020</b>	<b>111,960,040</b>	<b>107,718,060</b>	<b>97,176,080</b>	<b>92,934,100</b>	<b>82,392,120</b>	<b>78,150,140</b>	<b>67,608,160</b>	<b>63,366,180</b>	<b>52,824,200</b>	<b>48,582,220</b>	<b>22,849,734</b>	

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## Annex 11: Discounted Cash Flow

Description					
	2023	2024	2025	2026	2027
<b>Inflows</b>					
Profit bef. Int. and Depr.	38,056,000	70,944,364	77,280,508	78,012,819	195,550,514
Residual working capital					106,849,486
Residual Assets					215,462,570
<b>Total Inflows</b>	<b>38,056,000</b>	<b>70,944,364</b>	<b>77,280,508</b>	<b>78,012,819</b>	<b>517,862,570</b>
<b>Outflows</b>					
Investment	111,860,000				
Tax	2,015,760	3,454,586	4,378,234	4,902,266	14,825,808
Initial Working capital	124,744,000				
Change in Working capital	-	(24,748,364)	2,210,856	2,283,814	2,359,180
Loan repayment	15,190,506	60,762,024	60,762,024	60,762,024	60,762,024
<b>Total Outflows</b>	<b>253,810,266</b>	<b>39,468,246</b>	<b>67,351,113</b>	<b>67,948,104</b>	<b>77,947,011</b>
<b>Net Cashflows</b>	<b>(215,754,266)</b>	<b>31,476,118</b>	<b>9,929,395</b>	<b>10,064,715</b>	<b>439,915,559</b>
NPV at 9%	95,538,589				
IRR	25%				
<b>Sensitivity analysis</b>	<b>Rate</b>	<b>NPV</b>	<b>IRR</b>		
Bases	0	95,538,589	25%		
Decline in Selling Price	5%	82,167,945	23%		
Increase in operating Expenses	5%	85,639,674	24%		

## Annex 12: Balance Sheet Projections

Description	2023	2024	2025	2026	2027
	<b>CURRENT ASSETS</b>				
Cash	22,849,734	54,325,852	64,255,247	74,319,962	191,923,464
Working Capital	124,744,000	99,995,636	102,206,492	104,490,306	106,849,486
<b>Total Current Assets</b>	<b>147,593,734</b>	<b>154,321,488</b>	<b>166,461,739</b>	<b>178,810,268</b>	<b>298,772,951</b>
<b>FIXED ASSETS</b>					
Land and Building	190,232,250	185,476,444	180,839,533	176,318,544	171,910,581
Farm House	44,362,500	43,253,438	42,172,102	41,117,799	40,089,854
Machinery and Equipment	5,906,250	5,167,969	4,521,973	3,956,726	3,462,135
<b>Total Fixed Assets</b>	<b>240,501,000</b>	<b>233,897,850</b>	<b>227,533,607</b>	<b>221,393,069</b>	<b>215,462,570</b>
<b>TOTAL</b>	<b>388,094,734</b>	<b>388,219,338</b>	<b>393,995,346</b>	<b>400,203,338</b>	<b>514,235,521</b>
<b>REPRESENTED BY:</b>					
<b>Share Capital</b>					
Equity	174,104,000	174,104,000	174,104,000	174,104,000	174,104,000
Retained Earnings	23,181,240	62,908,982	113,258,671	169,634,732	340,131,521
Loan	190,809,494	151,206,356	106,632,675	56,464,605	
<b>TOTAL</b>	<b>388,094,734</b>	<b>388,219,338</b>	<b>393,995,346</b>	<b>400,203,338</b>	<b>514,235,521</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# **ATTACHMENTS**

